

Epic Games, Inc.

Peter Rossi Direct Examination

Assignment

- Consider using a survey to elicit reactions of U.S. consumers to a five-percent increase in the price of in-app purchases and subscriptions on iOS apps ("at-issue purchases").
- I concluded that this would be feasible based on the long tradition of using surveys to assess hypotheticals. My challenge was to implement such a survey with a high degree of reliability.

Design of the Hypothetical Scenario

1 Qualitative research & extensive pretesting.

Rossi Written Direct, ¶¶ 16-20

2 Ground the hypothetical scenario with actual purchase data.

Rossi Written Direct, $\P\P$ 25-28

3 Ensure the integrity of that data.

Rossi Written Direct, ¶ 23

Hypothetical Scenario

Think about the same 30-day period you just told us about.

Imagine that, starting 30 days ago, the Apple App Store increased the prices of all IAPs/subscriptions by 5%.

You told us that your spending on IAPs/Subscriptions during the past 30 days was \$4.04. The higher prices mean that the same purchases would have instead cost you \$4.24.

Nothing else about apps or IAPs/subscriptions has changed. Prices at other app stores (e.g. the Google Play store) or websites remain the same.

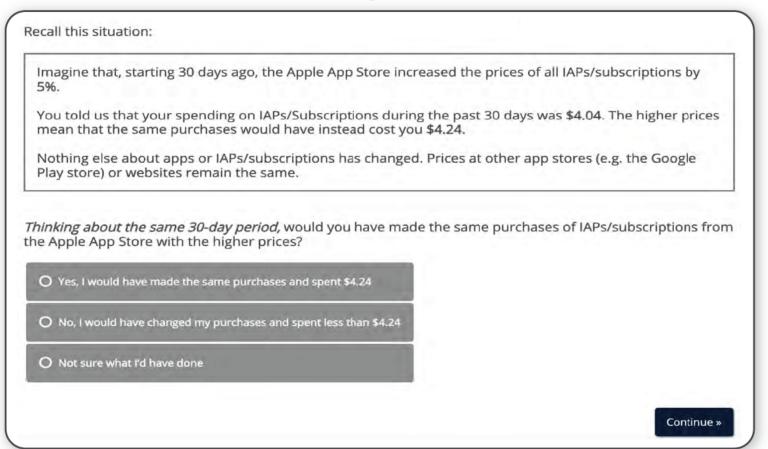
For your reference, you will see this same information on the next screen, where we will ask you a question about this situation.



Rossi Written Direct, p. 10; PX-2547.034

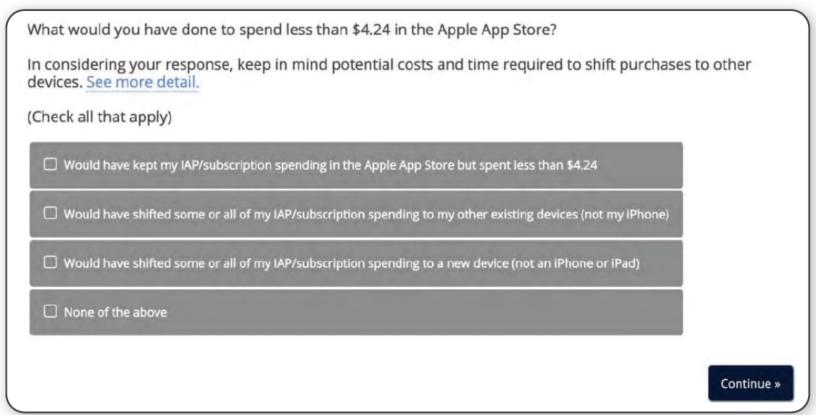
Reactions to the Hypothetical Scenario

Q16



How Decrementers Would Shift Purchases

Q17



Rossi Written Direct, p. 11; PX-2547.036

How Much Less Decrementers Would Spend

Q18

To recap the situation:

Past 30 days

Total spending: \$4.04

Situation

Price increase (5%): \$0.20 Same purchases would be: \$4.24

You told us that in this situation you would have spent less than \$4.24.

Enter below your estimate of HOW MUCH LESS you would have spent. In making this estimate, be sure to think about how you would have changed your purchases.

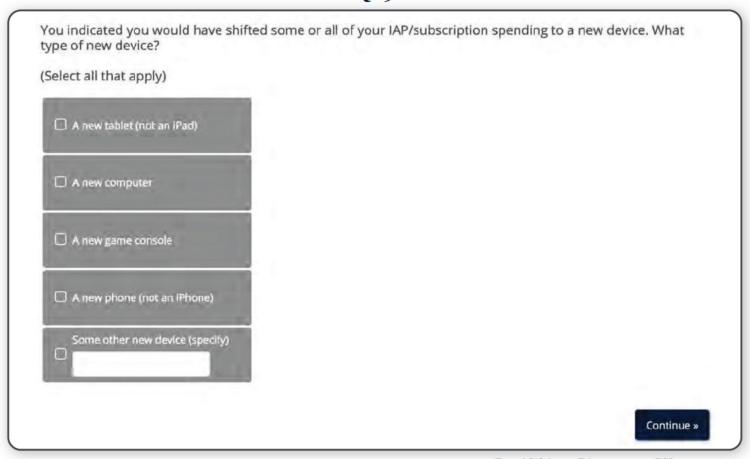
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Rossi Written Direct, p. 12; PX-2547.038

To Which Device Some Decrementers Would Switch

Q19



Summary of Survey Results

Statistic	Observed
Total Sample Size (Rossi Written Direct ¶ 39; PX-2545)	2,595
Number of Deciders (Rossi Written Direct ¶ 40; PX-1088.1; PX-2545)	2,338
Share of Stickers v. Decrementers (Rossi Written Direct ¶ 41; PX-1088.1; PX-2545)	81% v. 19%
Share of Switchers (Rossi Written Direct ¶ 43; PX-1088.1; PX-1089.1; PX-2545)	1.3%
Overall Spending Reduction (Rossi Written Direct ¶ 44; PX-1090.1; PX-2545)	-11.0%
Elasticity (Rossi Written Direct ¶ 44; PX-1090.1; PX-2545)	-2.19 (± .66)

Reliability of the Survey Results

REPRESENTATIVENESS/ PROJECTABILITY:

Multiple representativeness checks showed affirmative evidence that the survey population was representative of the target population.

(Rossi Written Direct ¶¶ 38, 46-50; PX-1091.1; PX-1085.1)

STATISTICALLY RELIABLE RESULTS:

Key survey results had a small margin of statistical error, in part due to the large sample size.

(Rossi Written Direct ¶¶ 38, 45)

ROBUSTNESS TESTING:

Survey results remained robust to re-weighting for education and exclusions of respondents with atypical responses.

(Rossi Written Direct ¶¶ 38, 50-51; PX-1092.1)